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STATISTICAL BULLETIN

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The Conference Board
70th Anniversary



- LABOR MARKET CONDITIONS ARE IMPROVING A BIT
- AND INDUSTRIAL CONDITIONS HAVE PERKED UP
- CONSUMER DEMAND IS STILL EXPANDING
- BUT HOME BUYING & BUILDING REMAINS WEAK
- AND INCREASING IMPORTS HAVE WIDENED THE TRADE DEFICIT
- OUTLOOK • AFTER A RELATIVELY SLUGGISH FIRST QUARTER, ECONOMIC GROWTH IS EXPECTED TO BE MORE MODERATE IN THE SECOND QUARTER

OVERVIEW: The U.S. economic expansion is now into its 5th year, making it one of the longer periods on record. While the expansion retains some momentum, the uneven growth pattern of the past 2 years seems likely to continue, at least for now. The consensus of the **Economic Forecasts** is that real GNP rose at a seasonally adjusted 2.9% annual rate in the fourth quarter. But at times during this 5-year expansion, moderately strong spending growth has generated a rising tide of imports, worsening the trade deficit. That higher trade deficit, in turn, has acted as a constraint on growth. Something like that may be happening now. Real GNP growth is anticipated to be only about 1.9% in the first quarter of 1987.

Increasing consumer demand has been a major source of momentum in this long expansion period. And with some components of personal income now rising a little faster, continued gains in spending seem likely. That income and spending growth continues—even quickens a bit—suggests that even at this late stage there remains some momentum in the economic expansion. The consensus of the **Economic Forecasts** is that it will last through this year and next.

DOMESTIC MARKET MONITOR

Labor market conditions have unexpectedly brightened over the last few months. The unemployment rate dropped to 6.7% in December. Although growth in service employment continues to outpace the rise in goods-production jobs, manufacturing employment has begun to rise. Moreover, demand for labor, after changing very little over the last year and a half, seems to have picked up a bit. The consensus of the **Economic Forecasts**, however, is that the unemployment rate will still be around 6.7% by the end of 1987.

Given increases in both employment and the average workweek, total hours worked were 0.4% higher in December than 3 months earlier. Hours were only 0.3% higher in nonmanufacturing industry, but the increase was 0.7% in manufacturing. Overall, hours rose at a 2.1% annual rate

in the fourth quarter. Given that rise in hours, and some improvement in productivity, the economy could well have expanded at a 2.9% rate in that quarter (median of the **Economic Forecasts**.)

More hiring reflects some improvement in labor demand. The Conference Board's **Help-wanted Index** stood at 146 (1967=100) in November. Early returns to the December survey show that this measure of labor demand is running slightly ahead of year-earlier levels.

INCOME: Wage gains are no longer sluggish. In the commodity-producing industries, they were 0.8% higher in November than 3 months earlier—double the rise over the prior 3-month period. Wages in other industries continued to rise somewhat faster (1.7% higher in November than 3 months earlier.)

Nonwage income was only 0.2% higher in November than 3 months earlier. Rents and stockkeepers' income are rising sharply, but dividend growth has slowed significantly.

Consumer borrowing, except on cars, remains relatively modest. And car loans have slowed considerably in the post-promotion period. Total consumer indebtedness, then, appears to be on a slightly declining trend.

Consumer attitudes about current conditions have changed. Expectations, however, have not. The appraisal of current conditions waned from July through October and then rebounded in the last 2 months. Expectations about conditions six months hence also declined this Summer and early Fall, but have not rebounded. Overall, The Conference Board's **Consumer Confidence Index** stood at 94 (1985=100) in December, about the level of last Spring.

SPENDING: Consumer buying is still the mainstay of this long-lived expansion. Retail sales, except for cars, were 1.4% higher in December than 3 months earlier. Sales of building material, hardware, furniture and appliances remain brisk. And if there is some pickup in wage growth and a little rebound in consumer attitudes, total consumer spending may well maintain its momentum over the short-term.

CONSTRUCTION: Housing demand has turned soft. New, single-family home sales were 9.8% lower in November than in September. The drop in sales of existing homes

Ken Goldstein, Editor

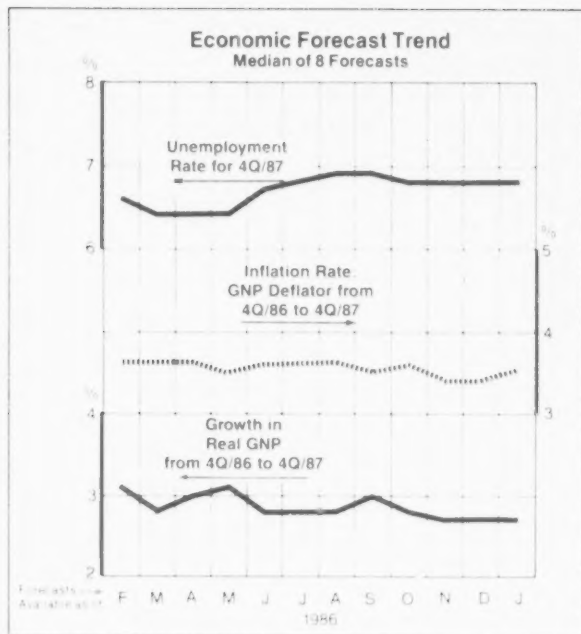
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was less pronounced. Given a cutback in construction, the inventory of unsold homes rose only modestly.

The recent downturn in construction has been quite sharp. Single-unit construction was 7.8% lower in November than 3 months earlier. Single-unit permits were 6.4% lower. Multi-unit starts were 17.1% lower while permits were only 2.4% lower. The severe and prolonged decline in rental-unit construction, then, may be nearing an end.

A recent pickup in nonresidential construction appears to have been short-lived. The value of such new construction was 2.6% lower, deflated, in November than in September. Office and commercial building slowed while industrial building remains sluggish.

PRODUCTION: Output is back on an uptrend. Processing of raw material was 0.6% higher in November than 3 months earlier, despite a 0.9% drop in energy production. Output of semi-finished goods was 0.4% higher. Finished consumer goods were 1.1% higher. To be sure, defense- and space-related output was 1.9% higher. Still, except for energy-related output, production is rising. And given the rise in employment and hours in December, it continues to rise.

One reason for rising industrial output is that more new orders are coming in—after months of little or no change. Total new orders for durable goods, except defense-related, were 3.5% higher in November than 3 months earlier. Keep in mind that, compared to one year earlier, orders, except defense, were only 2.3% higher in November.

INVENTORY: Rising industrial production, in response to a pickup in new orders, suggests that inventory accumulation may remain in check. Total inventory was 0.1% lower in October than 3 months earlier—largely the result of

high-volume car sales. Inventory, except cars at the retail level, was only 0.2% higher. But industrial sales increased. Hence, the inventory-to-sales ratio has edged lower.

INFLATION: Raw food and energy prices have been declining a bit. But raw industrial commodity prices were 11.8% higher in December than 3 months earlier. And oil is back to \$19/bbl. Nonfood, nonenergy prices for raw material at the wholesale level were 0.7% higher in December than 3 months earlier.

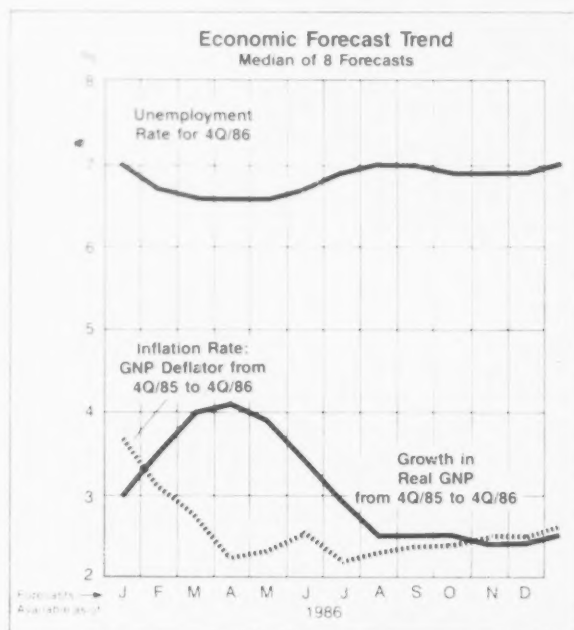
INTERNATIONAL MONITOR

Despite a year-long drop in the dollar, imports of manufactured goods were 6.4% higher in November than in July—despite a decline in shipments of aircraft and parts. This partly reflects resumed car shipments from Canada, following a strike there. But imports of cars and parts from Japan and elsewhere also have risen sharply. Moreover, the dollar was falling again in January, which may initially raise the dollar volume of imports.

The widening trade deficit is entirely due to rising imports. Total exports were 5.6% higher in November than 3 months earlier. Exports of manufactured goods were 13.9% higher.

The trade-weighted **Exchange Rate** of the dollar fell 9.7% from December, 1985 through July, 1986. But it only declined by 1.3% from July through last December. In January, the dollar continued to fall, especially against the mark and the yen.

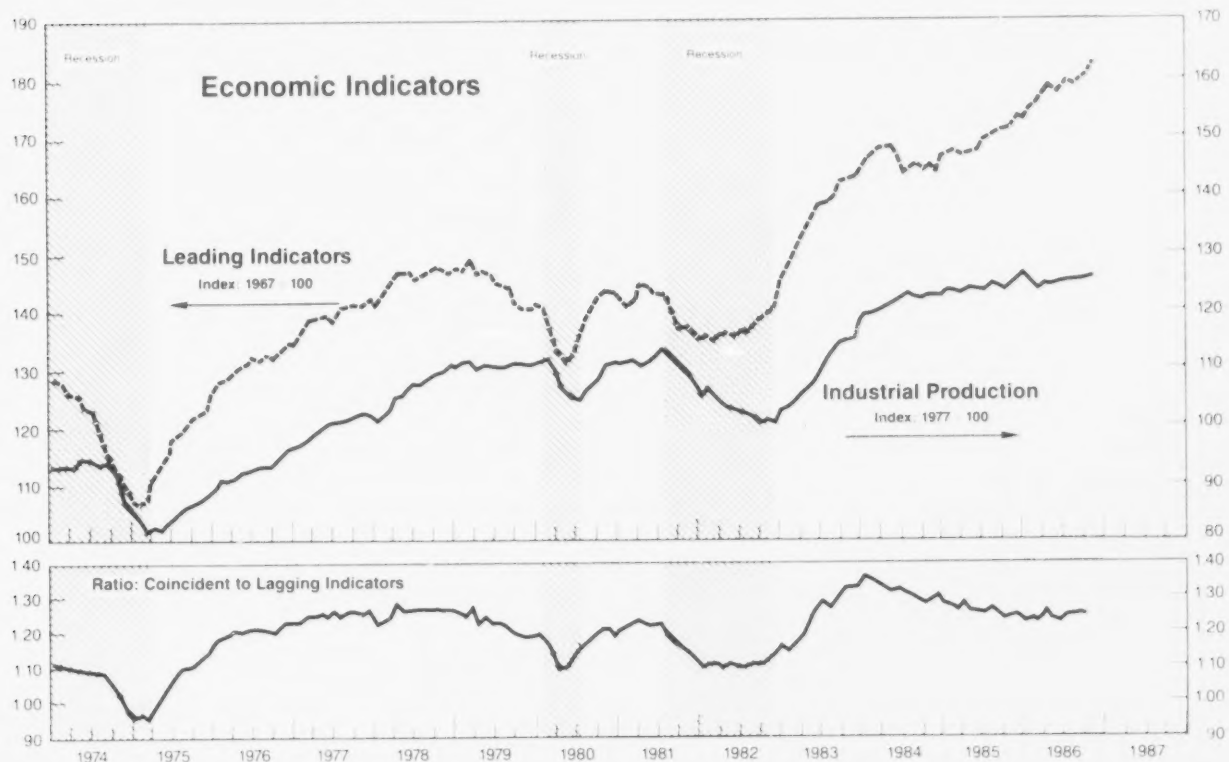
Ken Goldstein
January 15, 1986



STATUS OF LEADING ECONOMIC INDICATORS

		Rising (Classification based on movement of series over several months)	Level	Declining	Change over latest three months	Change From Year-Ago
Leading Economic Indicators	Nov.	X			1.9%	6.4%
Capital Investment Commitments						
* Contracts and orders, plant & equipment (deflated)	Nov.	X			7.2%	9.7%
New orders, nondefense capital goods (deflated)	Nov.	X			6.4%	13.6%
* New business formation	Nov.		X		0.2%	2.2%
* Housing permits	Nov.			X	-3.6%	-3.3%
Inventory Investment and Purchasing						
* New orders, consumer goods & materials (deflated)	Nov.		X		1.0%	-1.0%
* Change in inventory, on hand & order (deflated)	Oct.			X	-5.2%	-13.4%
Purchasing agents' buying policy	Dec.	X			3.0%	10.0%
* Vendor performance, reported slower deliveries	Nov.	X			5.0%	10.0%
Industrial raw materials prices	Dec.	X			11.6%	5.1%
* Change in sensitive material prices	Nov.		X		1.4%	1.4%
Sensitive Financial Flows						
* Money balance (M2 deflated)	Nov.	X			1.3%	7.7%
Change in business loans	Nov.		X		-17.7%	-33.4%
* Change in credit outstanding	Nov.		X		-0.2%	-4.6%
Change in consumer installment debt	Oct.		X		16.9%	2.7%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q.	X			5.1%	-0.5%
* Common stock prices	Dec.	X			4.8%	20.5%
Marginal Employment Adjustments						
* Average workweek, mfg.	Dec.		X		0.1hr	-0.1hr
* Initial unemployment claims (inverted)	Dec.			X	5.1%	10.5%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington D.C.: Government Printing Office) June, 1977.
 * These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985	1986			
	Nov	Aug	Sep	Oct	Nov (e)
Principal Diffusion Index	56.0	53.7	55.0r	53.8r	58.5
Auxiliary Diffusion Index	52.8	47.9	54.2r	46.3r	65.3
Industrial Group	58.3	49.8	50.5r	52.5r	58.4
Nonindustrial Group	53.7	57.6	59.4	55.1	58.7
Sense of Diffusion	1	0	1	1	1

SUBGROUP DIFFUSION INDEXES

Industrial Subgroups

Production	70.1	62.4	62.8r	67.9r	70.5
Labor	61.3	47.8	47.9	51.2	57.6
Miscellaneous	33.3	35.9	38.5	32.7	42.3

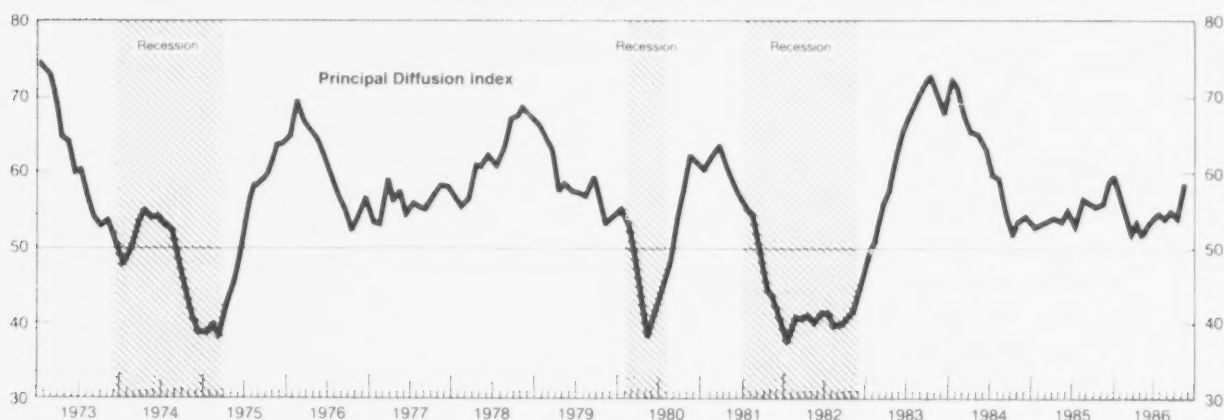
Nonindustrial Subgroups

Prices	45.5	66.0	64.1	61.5	66.7
Consumer	62.8	70.5	75.2	69.7	74.4
Building	50.3	42.3	43.3	36.5r	38.1
Miscellaneous	52.1	49.1	51.3	48.7r	51.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984				1985				1986		
	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Nov.
Score (scale 0-100)											
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

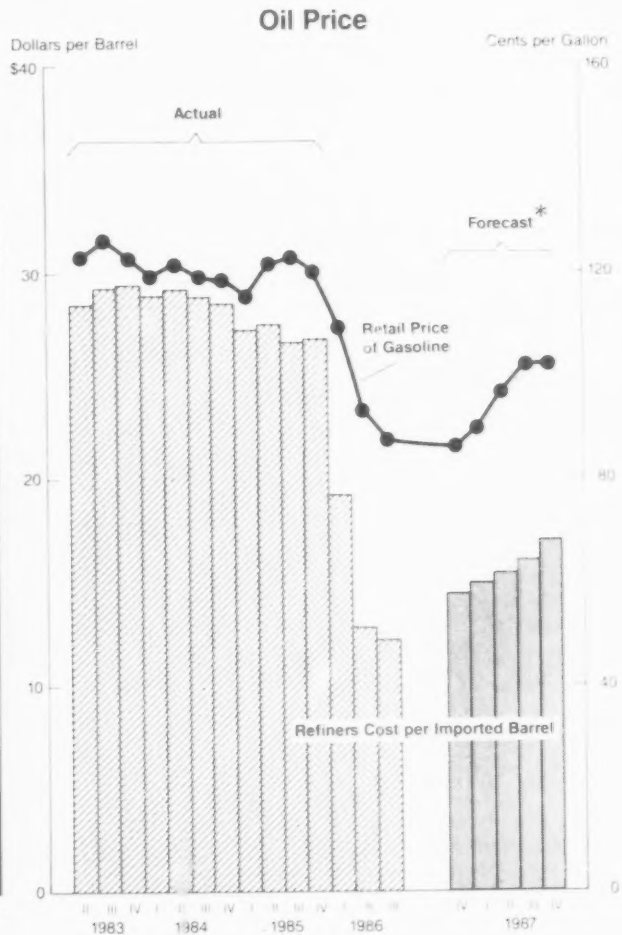
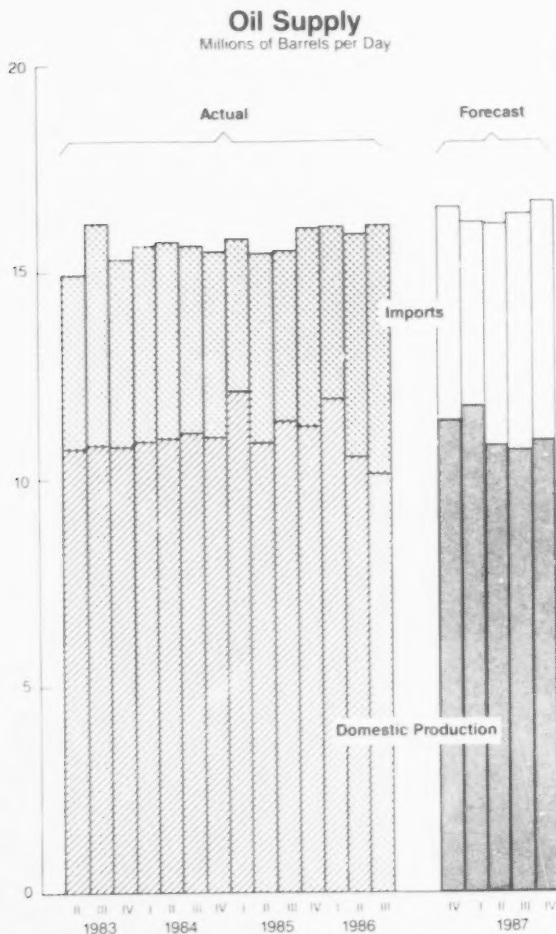
Billions of Dollars, Seasonally Adjusted

	1985				1986			Percent Change From Previous Year	
	I	II	III	IV	I	IIr	IIIp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29 938	27 560	24 167	27 190	23 386	19 991	20 208	- 8	- 6
Capital expenditures	23 354	24 911	24 730	26 336	23 566	24 309	22 902	10	- 2
Change in appropriations backlog*	+ 4 984	+ 0 529	-2 702	-2 594	-2 368	-6 447	-4 644		
Durable Goods									
New appropriations	16 737	10 910	12 031	12 005	11 613	9 578	10 322	-13	9
Capital expenditures	11 648	12 814	12 299	12 676	11 479	11 880	12 567	15	5
Change in appropriations backlog*	+ 4 154	+ 2 515	-1 094	-3 063	-1 582	-3 824	-3 450		
Nondurable Goods									
New appropriations	13 201	16 650	12 136	15 185	11 773	10 413	9 886	- 2	-20
Capital expenditures	11 706	12 097	12 431	13 660	12 087	12 429	10 335	6	- 9
Change in appropriations backlog*	+ 0 830	+ 3 044	-1 608	+ 0 469	-0 786	-2 623	-1 194		
ELECTRIC & GAS UTILITIES									
New appropriations	9 370r	15 139r	5 093r	8 692r	9 084	5 094	5 044	- 3	
Capital expenditures	9 078r	9 366r	9 078r	8 417r	7 425	8 115	7 839	-2 0	
Change in appropriations backlog*	+ 0 363r	+ 4 662r	-4 984r	-0 261r	+ 1 773	-7 325	-0 028		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities

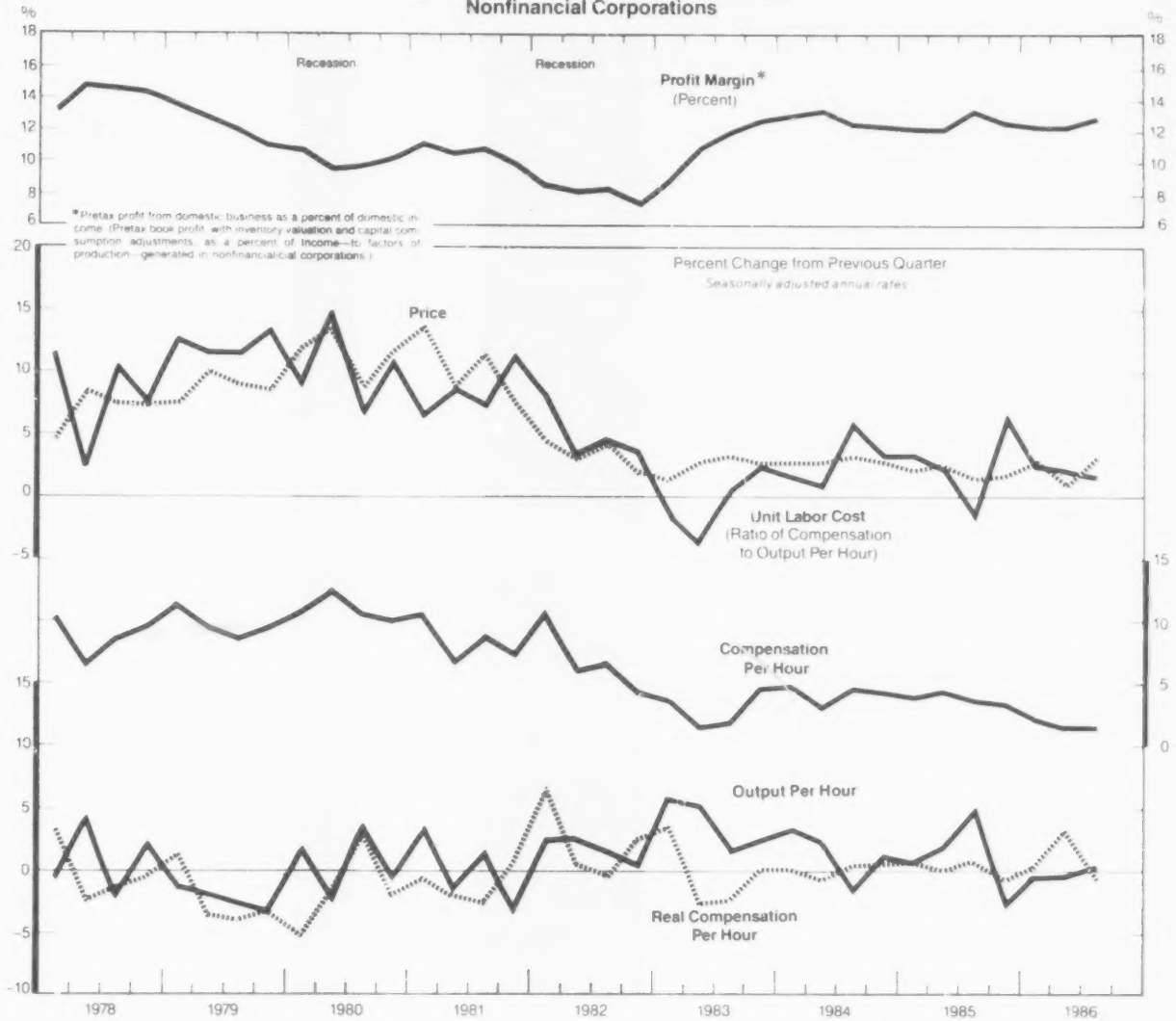
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments)

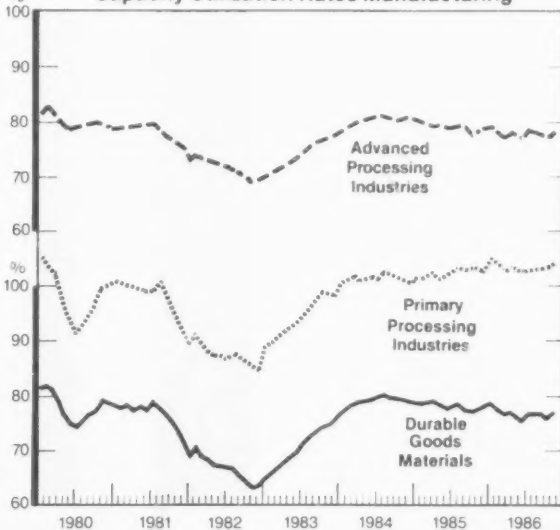


* Source of Forecast is The Energy Information Administration, Department of Energy

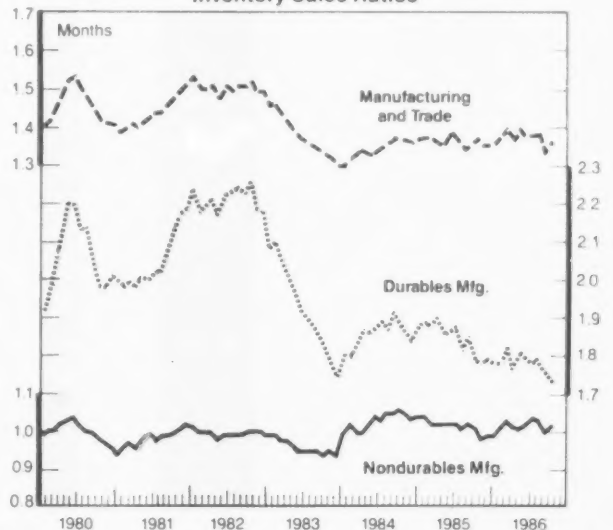
Key Determinants of Profit Margin Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

		U.C.L.A. ¹		Merrill Lynch ²		E.I. duPont ²		Georgia State University ²		
		Business Forecasting Project		Economics Inc.		de Nemours & Co.				
Date of Forecast		Nov. 1986		Dec. 1986		Dec. 1986		Dec. 1986		
		Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change	
Gross National Product Billions of Current Dollars										
Actual	1986	III		\$4240.7	6.4%	\$4240.7	6.4%	\$4240.7	6.4%	
		IV	4295.0	5.2	4291.6	4.9	4303.1	6.0	4302.0	5.9
	1987	I	4353.6	5.6	4337.7	4.4	4361.3	5.5	4353.7	4.9
		II	4426.8	6.9	4395.8	5.5	4444.8	7.9	4414.3	5.7
		III	4511.3	7.9	4465.9	6.5	4546.8	9.5	4479.0	6.0
		IV	4592.9	7.4	4541.3	6.9	4626.7	7.2	4535.6	5.2
	1988	I	4686.2	8.4	4624.4	7.5	4704.5	6.9	4616.6	7.3
		II	4773.3	7.6	4703.5	7.0	4780.4	6.6	4701.8	7.6
		III	4843.9	6.0	4781.7	6.8	4851.9	6.1	4793.1	8.0
		IV	4916.6	6.1	4861.9	6.9	4921.4	5.9	4888.0	8.2
	1986	Annual	4215.2	5.4	4214.3	5.4	4217.2	5.5	4216.9	5.5
	1987	Annual	4471.2	6.1	4435.2	5.2	4494.9	6.6	4445.7	5.4
	1988	Annual	4805.0	7.5	4742.9	6.9	4814.6	7.1	4749.9	6.8
Gross National Product Billions of Constant (1982) Dollars										
Actual	1986	III		\$3686.4	2.8%	\$3686.4	2.8%	\$3686.4	2.8%	
		IV	3720.5	3.7	3706.2	2.2	3716.0	3.3	3715.0	3.1
	1987	I	3746.2	2.8	3717.7	1.2	3734.0	2.0	3724.3	1.0
		II	3782.1	3.9	3734.1	1.8	3770.0	3.9	3747.3	2.5
		III	3825.2	4.6	3759.7	2.8	3808.0	4.1	3767.0	2.1
		IV	3866.0	4.3	3791.1	3.4	3846.0	4.1	3779.7	1.4
	1988	I	3908.9	4.5	3818.8	3.0	3872.0	2.7	3805.9	2.8
		II	3943.6	3.6	3846.0	2.9	3896.0	2.5	3835.1	3.1
		III	3960.3	1.7	3870.2	2.5	3916.0	2.1	3865.4	3.2
		IV	3983.0	2.3	3997.5	2.9	3934.0	1.9	3897.9	3.4
	1986	Annual	3681.3	2.7	3677.5	2.6	3679.9	2.6	3679.7	2.6
	1987	Annual	3804.9	3.4	3750.7	2.0	3789.5	3.0	3754.6	2.0
	1988	Annual	3949.0	3.8	3858.1	2.9	3904.5	3.0	3851.1	2.6
Gross National Product deflator Index, 1982 = 100										
Actual	1986	III		115.0	3.5%	115.0	3.5%	115.0	3.5%	
		IV	115.4	1.5	115.8	2.7	115.8	2.7	115.8	2.7
	1987	I	116.2	2.7	116.7	3.1	116.8	3.5	116.9	3.9
		II	117.0	2.9	117.7	3.6	117.9	3.8	117.8	3.1
		III	117.9	3.1	118.8	3.7	119.4	5.2	118.9	3.8
		IV	118.8	3.0	119.8	3.4	120.3	3.0	120.0	3.7
	1988	I	119.9	3.7	121.1	4.4	121.5	4.1	121.3	4.4
		II	121.0	3.9	122.3	4.0	122.7	4.0	122.6	4.3
		III	122.3	4.3	123.6	4.2	123.9	4.0	124.0	4.6
		IV	123.4	3.7	124.7	3.9	125.1	3.9	125.4	4.6
	1986	Annual	114.5	2.7	114.6	2.8	114.6	2.8	114.6	2.8
	1987	Annual	117.5	2.6	118.2	3.2	118.6	3.5	118.4	3.3
	1988	Annual	121.7	3.5	122.9	4.0	123.3	4.0	123.3	4.2
Unemployment Rate										
Actual	1986	III		6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	
		IV		6.9	7.0		7.0		7.0	
	1987	I		6.8	7.1		7.0		6.9	
		II		6.7	7.1		6.9		6.8	
		III		6.6	7.1		6.9		6.8	
		IV		6.4	7.0		6.8		6.8	
	1988	I		6.2	7.0		6.9		6.8	
		II		6.0	6.9		7.0		6.7	
		III		5.9	6.9		7.1		6.7	
		IV		5.9	6.8		7.1		6.7	
	1986	Annual		7.0	7.0		7.0		7.0	
	1987	Annual		6.6	7.1		6.9		6.8	
	1988	Annual		6.0	6.9		7.0		6.7	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

¹Based on revised (first revision) third quarter data.

²Based on revised (second revision) third quarter data.

ECONOMIC FORECASTS (continued)

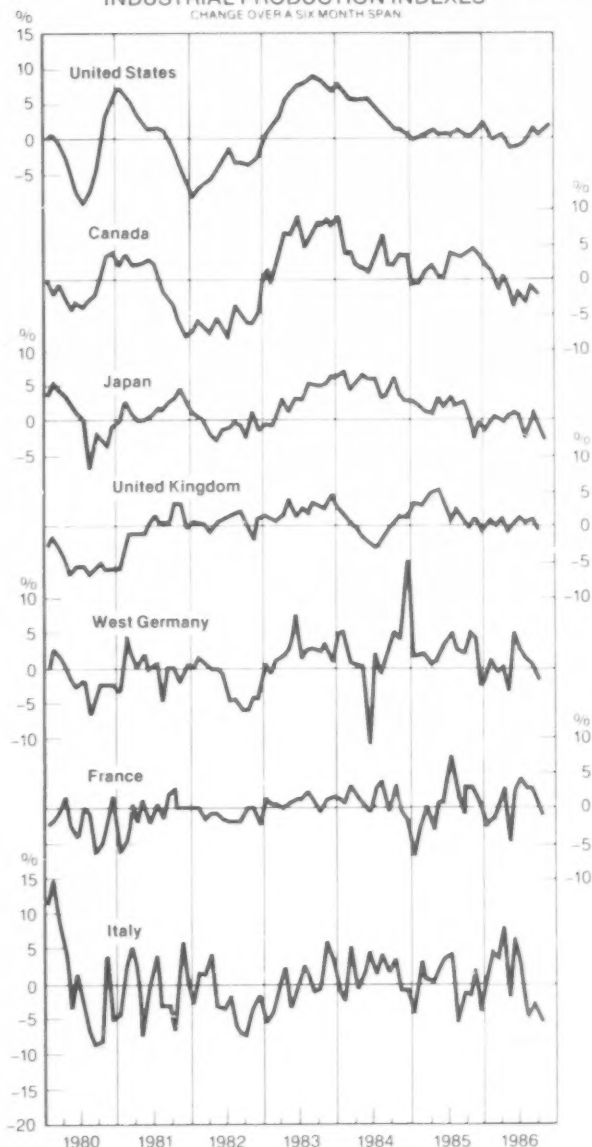
The Conference Board ²		Chase Econometric ² Associates, Inc.		Data Resources Inc. ²		Wharton E.F.A. Inc. ²				
Dec., 1986		Dec., 1986		Dec., 1986		Dec., 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
Gross National Product Billions of Current Dollars										
\$4240.7	6.4%	\$4240.7	6.4%	\$4240.7	5.4%	\$4240.7	6.4%	III	1986	Actual
\$4298.0	5.5	4293.7	5.1	4295.8	5.3	4288.4	4.6	IV		
4348.0	4.7	4338.6	4.2	4339.4	4.1	4349.6	5.8	I	1987	
4410.0	5.8	4399.0	5.7	4404.2	6.1	4426.0	7.2	II		
4487.0	7.2	4470.5	6.7	4478.3	6.9	4513.6	8.2	III		
4573.0	7.9	4531.0	5.5	4547.9	6.4	4602.7	8.1	IV		
4664.0	8.2	4598.7	6.1	4634.2	7.8	4696.8	8.4	I	1988	
4749.0	7.5	4671.8	6.5	4712.8	7.0	4789.1	8.1	II		
4800.0	4.4	4748.1	6.7	4777.7	5.6	4878.6	7.7	III		
4858.0	4.9	4820.9	6.3	4844.3	5.7	4966.1	7.4	IV		
4215.9	5.4	4214.8	5.4	4215.3	5.4	4213.5	5.4	Annual	1986	
4454.5	5.7	4434.8	5.2	4442.5	5.4	4473.0	6.2	Annual	1987	
4767.8	7.0	4709.9	6.2	4742.3	6.7	4832.7	8.0	Annual	1988	
Gross National Product Billions of Constant (1982) Dollars										
\$3686.4	2.8%	\$3686.4	2.8%	\$3686.4	2.8%	\$3686.4	2.8%	III	1986	Actual
\$3708.4	2.4%	3710.9	2.7	3718.9	3.6	3704.2	1.9	IV		
3719.5	1.2	3727.0	1.7	3728.9	1.1	3727.5	2.5	I	1987	
3740.7	2.3	3750.1	2.5	3756.8	3.0	3756.8	3.2	II		
3767.5	2.9	3778.0	3.0	3792.4	3.8	3790.7	3.7	III		
3798.2	3.3	3801.9	2.6	3824.6	3.4	3825.8	3.8	IV		
3829.2	3.3	3828.7	2.8	3862.6	4.0	3864.1	4.1	I	1988	
3854.7	2.7	3848.2	2.1	3892.3	3.1	3898.4	2.6	II		
3861.6	7	3875.2	2.8	3907.8	1.6	3928.2	3.1	III		
3874.1	1.3	3900.5	2.6	3928.8	2.2	3955.5	2.8	IV		
3678.0	2.6	3678.7	2.6	3680.7	2.7	3677.0	2.6	Annual	1986	
3756.5	2.1	3764.3	2.3	3775.7	2.6	3775.2	2.7	Annual	1987	
3854.9	2.6	3863.2	2.6	3897.9	3.2	3911.6	3.6	Annual	1988	
Gross National Product deflator Index, 1982 = 100										
115.0	3.5%	115.0	3.5%	115.0	3.5%	115.0	3.5%	III	1986	Actual
115.9	3.0	115.7	2.3	115.5	1.7	115.8	2.6	IV		
116.9	3.5	116.4	2.5	116.4	3.0	116.7	3.2	I	1987	
117.9	3.4	117.3	3.1	117.2	3.0	117.8	3.9	II		
119.1	4.2	118.3	3.5	118.1	2.9	119.1	4.3	III		
120.4	4.4	119.2	2.9	118.9	2.8	120.3	4.2	IV		
121.8	4.7	120.1	3.2	120.0	3.6	121.5	4.2	I	1988	
123.2	4.7	121.4	4.4	121.1	3.7	122.8	4.3	II		
124.3	3.6	122.5	3.8	122.3	4.0	124.2	4.5	III		
125.4	3.6	123.6	3.5	123.3	3.5	125.5	4.4	IV		
114.6	2.8	114.6	2.7	114.5	2.7	114.6	2.8	Annual	1986	
118.6	3.4	117.8	2.8	117.7	2.7	118.5	3.4	Annual	1987	
123.7	4.3	121.9	3.5	121.7	3.4	123.5	4.3	Annual	1988	
Unemployment Rate										
	6.9%		6.9%		6.9%		6.9%	III	1986	Actual
	6.9		7.0		7.0		7.0	IV		
	7.2		7.0		7.0		7.1	I	1987	
	7.3		7.0		7.0		7.0	II		
	7.3		7.0		6.9		6.9	III		
	7.1		7.0		6.8		6.8	IV		
	6.9		7.0		6.7		6.6	I	1988	
	6.9		7.0		6.5		6.5	II		
	7.3		7.0		6.5		6.4	III		
	7.4		7.0		6.5		6.3	IV		
	7.0		7.0		7.0		7.0	Annual	1986	
	7.2		7.0		6.9		7.0	Annual	1987	
	7.1		7.0		6.5		6.5	Annual	1988	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



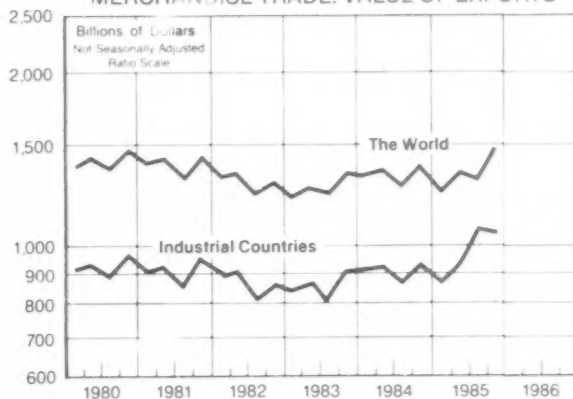
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR



Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

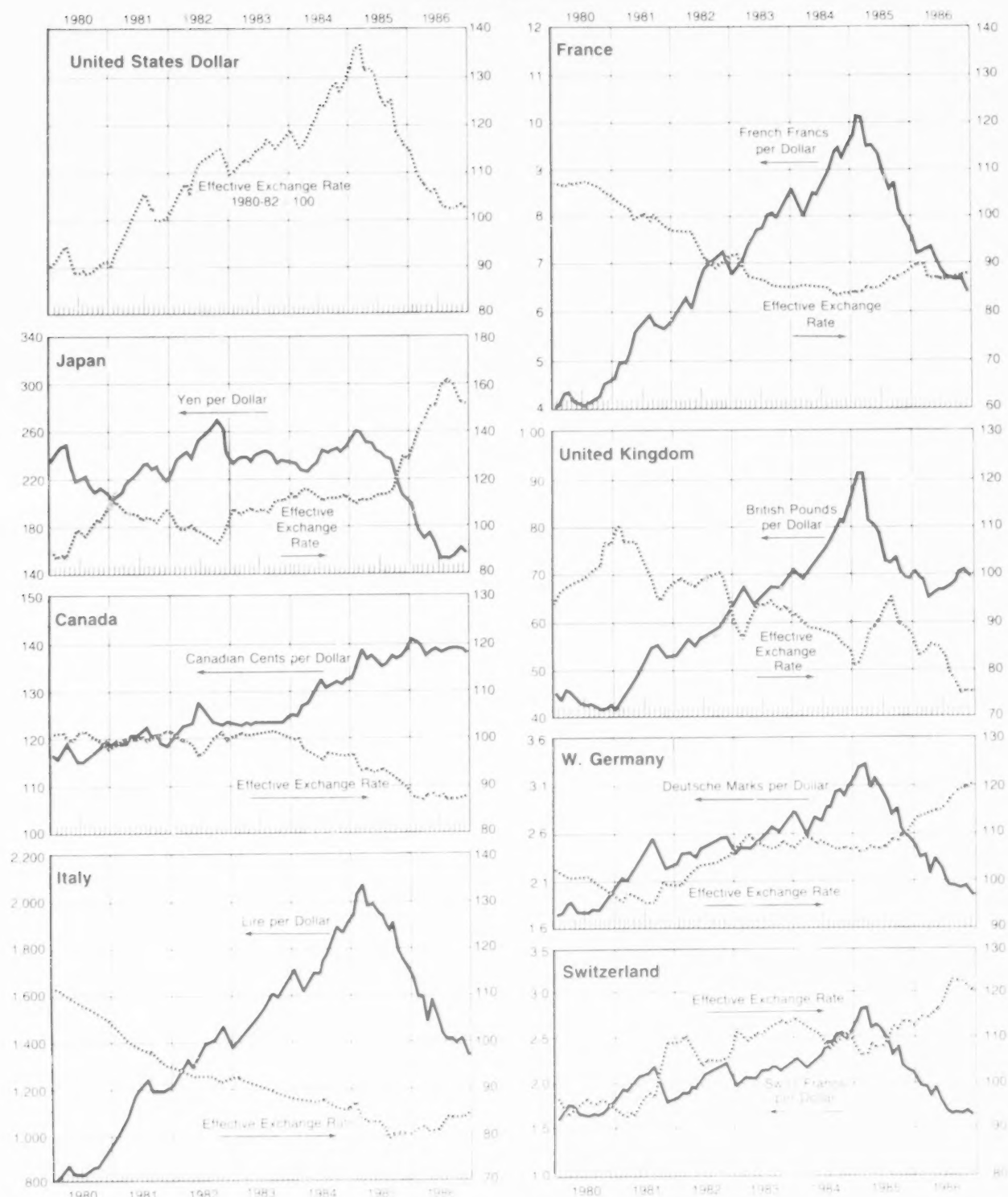


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates (solid lines) and Effective Exchange Rates (dotted lines) are calculated using average weights applied to the nominal exchange rates of Italy, Japan, Canada, France, the United Kingdom, West Germany, and Switzerland.

Source: Morgan Guaranty Trust Co.

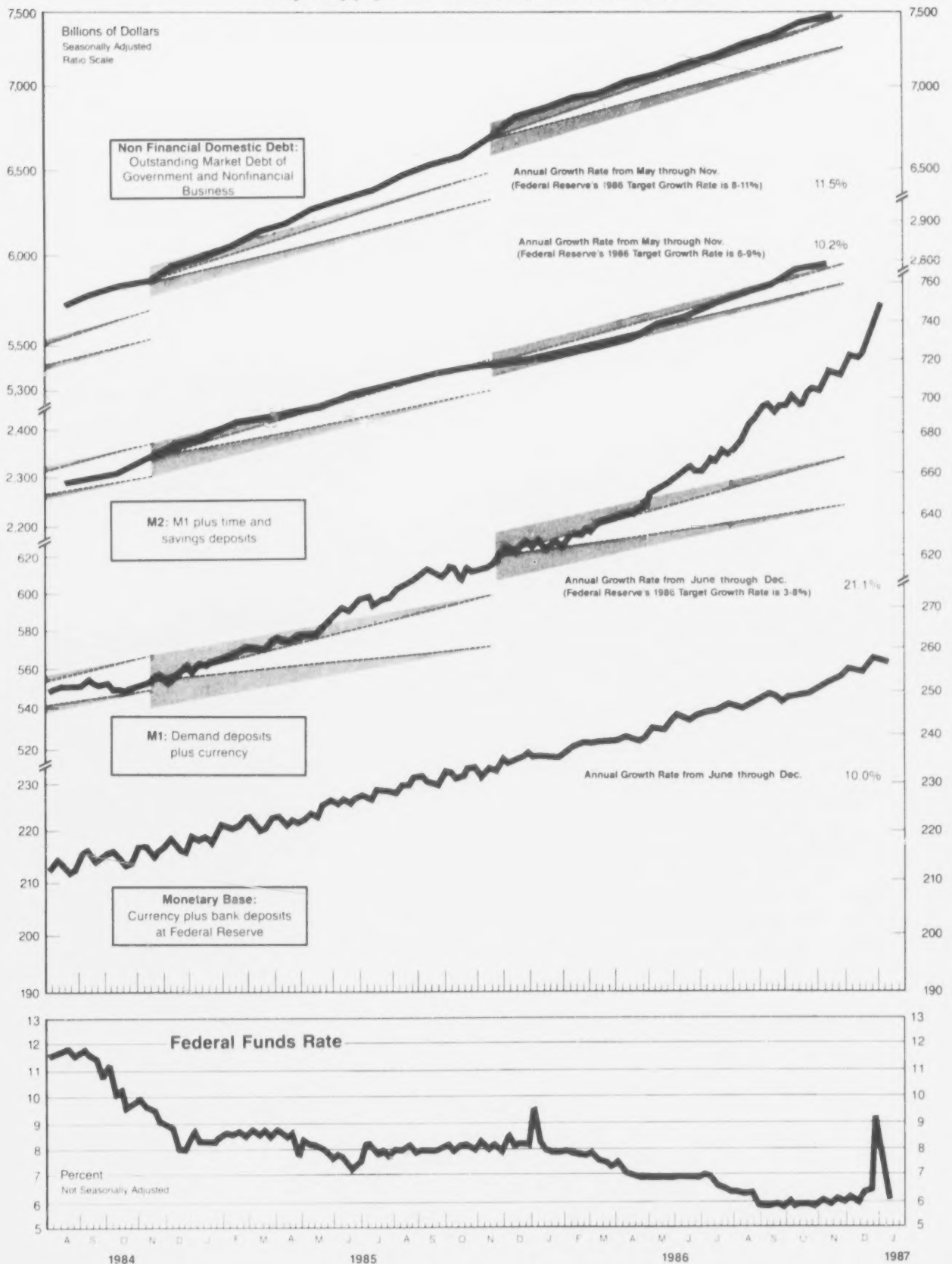
PERSPECTIVE ON THE FEDERAL BUDGET (Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987		Fiscal 1988
	Actual	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate
		(1/5/87)	(8/4/86)	(1/5/87)
Receipts	\$769.1	\$842.4	\$852.4	\$ 916.6
Outlays	989.8	1,015.6	995.0	1,024.3
Deficit	-220.7	-173.2	-142.6	-107.8
Receipts by source	\$769.1	\$842.4	\$852.4	\$ 916.6
Individual income	349.0	364.0		392.8
Social security	283.9	301.5		333.2
Corporate income	63.1	104.8		117.2
Other receipts	73.1	72.1		73.4
Outlays by function	\$989.8	\$1,015.6	\$995.0	\$1,024.3
National defense	273.4	282.2	279.2	297.6
Social security	269.0	279.5	282.7	292.4
Income security	119.8	124.9	121.8	124.8
Health	35.9	39.7	38.3	38.9
Education & manpower	29.7	29.8	30.6	28.4
Veterans benefits	26.4	26.7	26.6	27.2
Transportation	28.1	27.0	25.9	25.5
Agriculture	31.4	31.1	23.5	26.3
International affairs	14.2	14.6	14.0	15.2
Natural resources	13.6	13.9	12.6	14.2
General science	9.0	9.5	8.9	11.4
Justice	6.6	8.3	7.2	9.2
General government	6.1	6.8	5.5	7.5
Community development	7.5	6.2	7.0	5.5
Commerce, Housing credit	4.4	9.3	2.1	2.5
Energy	4.7	3.8	3.5	3.3
Revenue sharing	6.4	1.9	2.8	1.5
Interest	136.0	137.5	143.7	139.0
Allowances	0.0	0.0	0.1	0.8
Offsetting receipts	- 33.0	- 37.1	- 40.3	45.4

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	\$4,218.0	\$4,493.0	\$4,504.0	\$4,836.0
Constant (1982) Dollar	3,681.0	3,794.0	3,810.0	3,928.0
Percent change in				
Current dollar	5.5%	6.5%	6.8%	7.2%
Constant (1982) dollar	2.7	3.1	3.4	3.5%
implicit price index	2.8	3.3	3.3	3.5
Consumer price index	1.6	3.0	3.3	3.6
91-Day T bill rate	6.0	5.4	6.4	5.6
Unemployment rate	6.9	6.7	6.7	6.3

Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

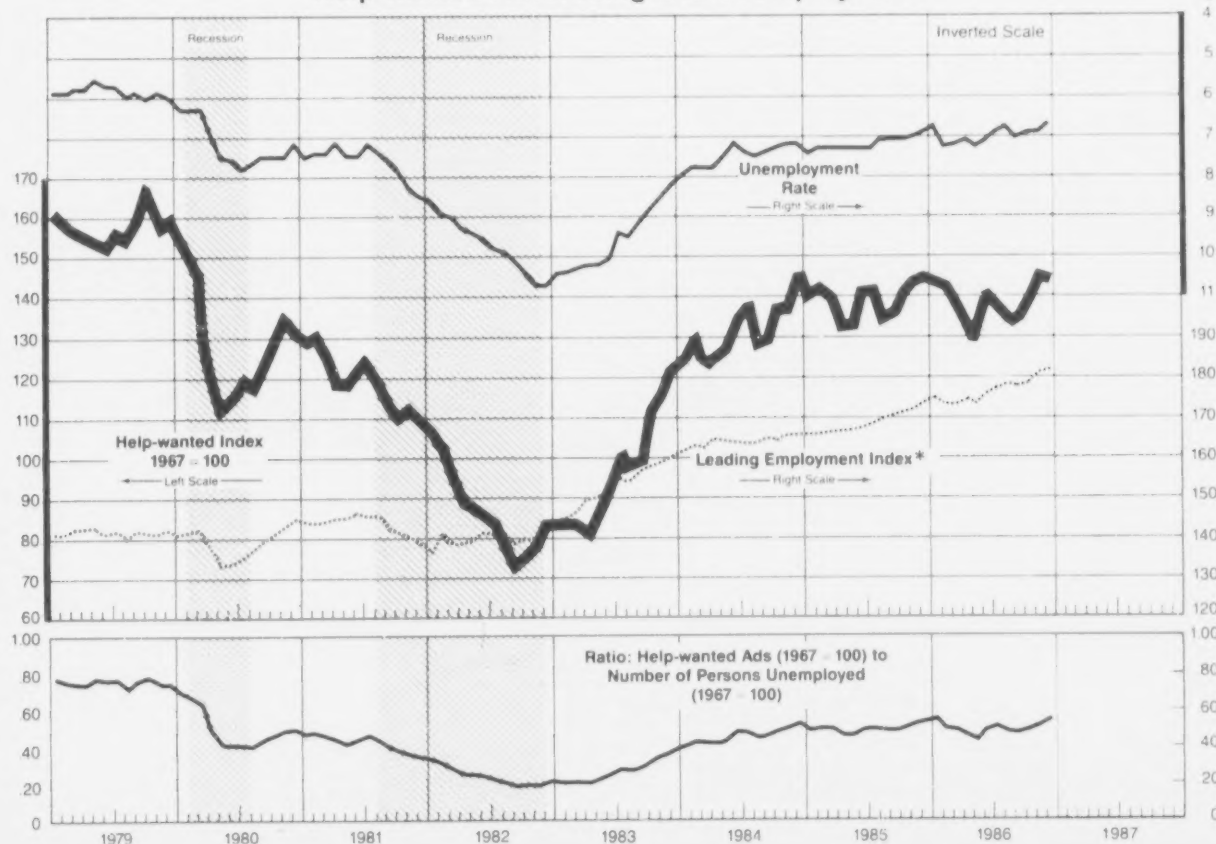
Seasonally Adjusted Indexes, 1967 = 100

Locality	1986			1985	1986			1985
	Nov.	Oct.	Sept.	Nov.	Nov.	Oct.	Sept.	Nov.
National Index	146	141	135	144				
New England	178	171	165	161	Charlotte	175	173	158
Boston	N.A.	175	170	171	Jacksonville	237	221	212
Hartford	182	183	181	160	Miami	101	103	99
Providence	161	149	133	129	Richmond	137	131	120
					Washington, D.C.	N.A.	190r	172
Middle Atlantic	85	82	81	72	East South Central	147	150r	138
Albany	190	286	182	163	Birmingham	164	158	141
Allentown	306	282	249	189	Knoxville	213	227	217
New York	64	58	68	58	Louisville	89	83	75
Philadelphia	78	71	68	62	Memphis	119	94r	120
Pittsburgh	87	79	76	77	Nashville	191	236	184
Rochester	90	81	76	90				
Syracuse	N.A.	N.A.	N.A.	116	West South Central	161	152	146
East North Central	99	93	90	93	Dallas	165	161	152
Chicago	109	105	101	103	Houston	216	202	195
Cincinnati	151	144	136	131	New Orleans	107	99	93
Cleveland	65	59	60	62	Oklaoma City	100	89	93
Columbus	177	163	157	146	San Antonio	142	141	137
Dayton	84	76	76	84	Tulsa	121	102r	105
Detroit	62	57	57	67				
Gary	139	118	119	133	Mountain	297	281	272
Indianapolis	117	100	98	102	Denver	180	175	169
Milwaukee	67	65	63	56	Phoenix	447	419	394
Toledo	128	115	113	121	Salt Lake City	313	292	298
West North Central	107	95	90	90				
Kansas City	187	165	147	148	Pacific	226	221	210
Minneapolis	88	79	75	75	Los Angeles	158	147	149
Omaha	129	122r	120	108	Sacramento	434	393	383
St. Louis	71	63	62	65	San Bernadino	268	271	237
					San Diego	496	569	468
South Atlantic	192	197r	183	192	San Francisco	235	224	214
Atlanta	285	270	252	295	Seattle	219	213	215
Baltimore	233	231	218	220				
					Percentage of papers			
					with rising volume	86	78	37
					Unemployment rate	7.0	7.0	7.0

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).

r—revised N.A.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.8	89.2	90.3r	94.0p

Buying Plans Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	96.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7	105.8	99.4	92.0r	103.3p

Confidence index measures consumer optimism in appraising economic conditions. Buying plans index is based on intentions to purchase cars, homes, appliances. Expectations index (charted below) measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

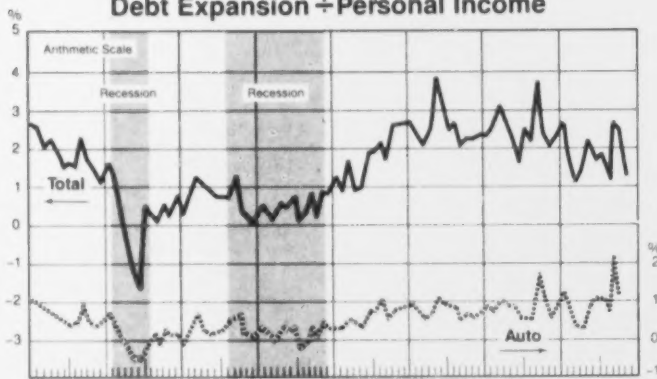
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Consumer Confidence and Expectations

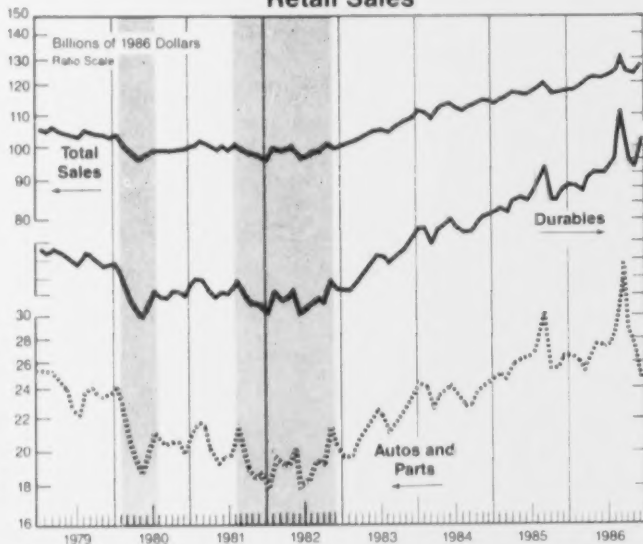


ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion + Personal Income



Retail Sales



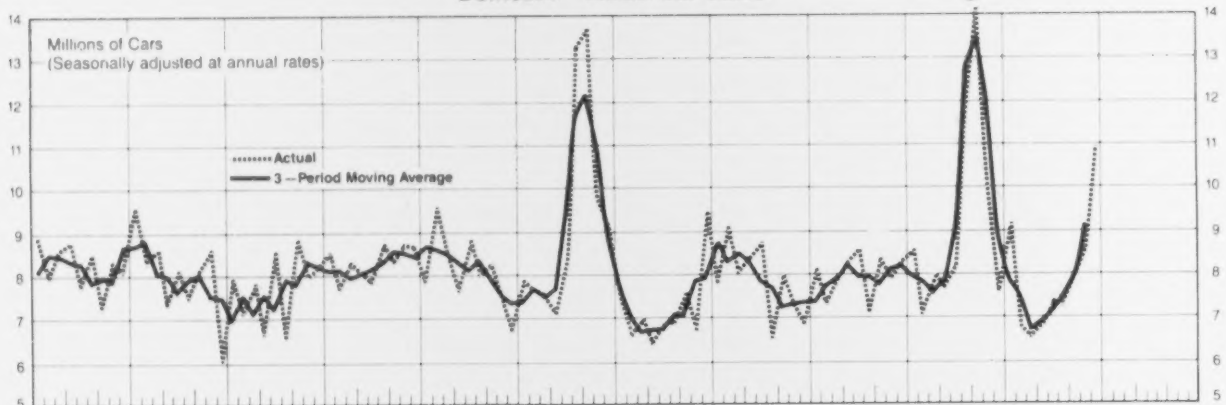
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods	1983	1984	1985	1986
January: 1-10	6.17	8.16	8.46	7.76
11-20	6.20	7.84	7.66	9.05
21-31	5.60	9.15	8.23	8.02
February: 1-10	5.86	7.79	8.01	8.36
11-20	5.30	9.17	7.84	8.71
21-28(29)	6.07	7.60	8.69	6.47
March: 1-10	5.61	7.35	8.27	7.93
11-20	6.10	8.13	8.73	7.23
21-31	6.19	7.35	8.67	6.81
April: 1-10	6.69	8.88	7.84	8.06
11-20	6.52	7.96	9.48	7.25
21-30	6.35	8.60	8.42	7.92
May: 1-10	6.67	8.19	7.60	8.30
11-20	6.30	7.74	8.78	8.57
21-31	6.97	8.43	7.96	7.09
June: 1-10	7.23	7.22	8.21	8.27
11-20	7.34	8.25	7.51	7.84
21-30	7.28	8.10	6.71	8.30
July: 1-10	7.25	9.51	7.81	8.50
11-20	7.36	8.32	7.63	7.03
21-31	7.43	8.59	7.57	7.96
August: 1-10	7.39	7.33	7.09	7.64
11-20	6.11	8.07	8.30	8.19
21-31	6.65	7.43	13.23	11.65
September: 1-10	6.26	8.13	13.64	18.67
11-20	7.21	8.52	9.70	9.87
21-30	6.55	6.03	9.10	7.58
October: 1-10	7.52	7.83	7.40	9.07
11-20	7.56	7.07	6.57	6.72
21-31	7.45	7.70	6.92	6.51
November: 1-10	6.96	6.60	6.40	6.80
11-20	6.55	8.44	6.81	7.32
21-30	7.62	6.57	6.91	7.23
December: 1-10	7.30	8.75	7.56	7.95
11-20	8.09	7.96	6.69	8.54
21-31	8.48	8.19	9.31	10.93

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales



Imports as Percent of Total New Car Sales

